



Rainbow Vending Marketing Partnership Agreement

February 8, 2011

Presented by:

Natasha L. Collura

Director, Strategic Partnerships

Corporate Partnership Program (CPP)



Background

- **In December of 2011, the CPP issued a Request for Sponsorship (RFS) for Snack Vending Services**
- **Of 60 companies contacted, 17 expressed interest in receiving the RFS, and 3 responded**
- **Only Rainbow Vending was able to provide and service at least 100 machines as required by the RFS**
- **Rainbow Vending is currently the City's Beverage Vending Partner and offered enhanced benefits based on economy of scale**



Proposed Marketing Agreement

- **Rainbow Vending, as the City's official Snack Vending Machine partner, will:**
 - **Pay 20% commission on gross sales of snack products;**
 - **Pay 30% commission on net sales of advertising on vending machines;**
 - **Increase the number of machines at City Facilities to 100 machines within 90 days; and**
 - **Place machines in aesthetically pleasing enclosures in areas where machines have been removed because of vandalism.**
- **The advertising sales program will comply with the City's sign ordinance.**
- **Rainbow Vending will pay \$30,000 in commissions in advance of sales for Fiscal Year 2012.**



Projected Revenue

FY2012	\$30,000*
FY2013	\$60,000
FY2014	\$75,000
FY2015	\$82,000
FY2016	\$91,000
<u>FY2017</u>	<u>\$47,000**</u>
Total	\$385,000

** \$30,000 paid in advance of sales for FY12*

*** Term of agreement is less than 5 years, and matches the termination date for the cold drink vending machine agreement.*



Key Benefits to the City

- **Potential for revenue from product sales and advertising**
- **Higher commissions on snack sales than current vending agreements**
- **Commitment to expand the number of machines and increase overall sales**
- **Commitment to secure machines against theft and vandalism**
- **Diverse product line including healthy choices**
- **Reliable and reputable partner**



Key Benefits to Rainbow Vending

- **Official Vending Partner for the City of San Diego**
- **Website Presence**
- **Exclusive provider of snack vending machines at City Facilities**
- **Opportunity to sell advertising on vend fronts and enclosures, within the sign ordinance parameters**



Fiscal Considerations

- **The City of San Diego is projected to receive \$385,000 in estimated revenue over the term of the Agreement based on product and advertising sales.**
- **Rainbow Vending will pay \$30,000 in advance of sales in Year One, which secures upfront revenue in Fiscal Year 2012.**



Requested Action

- **Authorize the Mayor to enter into a Marketing Partnership Agreement with Rainbow Vending, which represents a financial benefit to the City in estimated revenue of \$385,000 based on projected product and advertising sales over the term of the Agreement.**



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